

more efficient in every respect today, I think, than any steel industry in the world.

Mr. BROYHILL. I have a great deal of faith, confidence and respect for American industry, and people like the person I am referring to are trying to knock it and run it down.

Mr. HERLONG. May I say to the gentleman that this same article told us that the cause for the depression in the 1930's was Smoot-Hawley. I am interested to learn that. I was a young man at that time, but I didn't know that was the sole cause of the depression.

Mr. Vanik?

Mr. VANIK. Subsidies are enjoyed by our foreign steel competition. Do you have any information concerning subsidies that the steel industries have, either Japan or Western Europe?

Mr. PATTON. Yes, Mr. Congressman. They take various forms. As you realize, some steel industries of some nations are wholly owned by the Government. You take England, that owns the steel industry completely.

In Italy, the majority of the ownership in every steel company is owned by the Government. In France, the Government is giving aid in the way of loans to industry at very low rates, and is rebating taxes on material that is exported.

The same is true in Germany, and the same is true in Japan, as I understand it.

Mr. VANIK. Is the expansion of the Japanese steel industry something that comes about through financial support made available through the Government in some way?

Mr. PATTON. Well, certainly in the early days, the number of these steel industries were made possible by money made available through the U.S. Government through the Marshall plan. It was a good thing. It probably saved these countries from going Communistic, and it was a good thing.

I can't say today that the Japanese Government is directly putting money into the Japanese steel industry, but we are certain that it is encouraging financial institutions in that country to make available to the Japanese industry—make money available to them.

Mr. VANIK. Do any of the countries involved in steel marketing today have import controls which limit our export of steel to them.

Could we, for example, sell steel to Japan, forgetting the issue of competition? Could we get it into Japan on any basis?

Mr. PATTON. Japan will say you can, but the history of the situation is that the imports of steel into Japan are very, very small, and it is difficult to sell steel in Japan that is not made in Japan.

Mr. VANIK. Do they operate with quotas, or licenses or restrictions against our product?

Mr. PATTON. They don't operate on a quota system or a license system, but they have their own informal ways of keeping steel out of their domestic market that is made abroad.

Mr. HERLONG. Mr. Battin?

Mr. BATTIN. Yesterday, Professor Richard Thorn, Professor of Economics at the University of Pittsburgh testified. He stated, and I will preface this so you will get the import of it—he talked about steel productivity, wages, prices, and output, and he submitted to us a chart showing that the steel industry in a period of 1957 to 1966—